



220.0660



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

1020 N STREET, SACRAMENTO, CALIFORNIA

(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)
(916) 445-6414

WILLIAM M. BEN
First District, Ke

CONWAY H. COLLIS
Second District, Los Angeles

ERNEST J. DRONENBURG, JR.
Third District, San Diego

PAUL CARPENTER
Fourth District, Los Angeles

GRAY DAVIS
Controller, Sacramento

CINDY RAMBO
Executive Secretary

April 14, 1988

Ms.

Dear

Re: Statement of Change in Control
and Ownership of Legal Entities

The Property Tax Department has forwarded copies of the correspondence between you and their department concerning their request that the firm of Messersmith and Fuchsman file a Statement of Change in Control and Ownership of Legal Entities. The file shows the following correspondence:

1. On or about August 31, 1987, the Property Tax Department forwarded a Statement of Change in Control and Ownership of Legal Entities along with instructions and the Notice of Provisions of Revenue and Taxation Code sections 480.1 and 480.2.
2. By letter dated September 18, 1987, you responded that Messersmith and Fuchsman does not own any real property. You stated further that you did not find in your review of section 480.1 any requirement that you submit a Statement of Change in Control and Ownership of Legal Entities.
3. After receiving your letter of September 18, 1987, Don Davis from the Property Tax Department telephoned your office and indicated that the legal basis for requesting the information was contained in section 480.2 of the Revenue and Taxation Code. Mr. Davis specifically referred you to language which stated "the law further requires that a change in ownership statement be completed and filed whenever a written request is made therefor by the State Board of Equalization, regardless of whether a change in ownership of the legal entity has occurred." By letter dated October 9, 1987, you restated your belief that sections 480.1 and 480.2 do not apply to Messersmith and Fuchsman.

Prop 13-1111
21

April 14, 1988

4. The Property Tax Department then sent you a second Statement of Change in Control and Ownership of Legal Entities. Printed on the top of that statement was a notice that "THE FIRST 'STATEMENT OF CHANGE IN CONTROL AND OWNERSHIP OF LEGAL ENTITIES' MAILED TO YOU HAS NOT BEEN RETURNED WITHIN THE REQUIRED 45-DAY PERIOD (SEE PAGE 5, IMPORTANT NOTICE). IN ORDER TO AVOID PENALTY PLEASE COMPLETE, SIGN, AND RETURN THIS STATEMENT AND THE ENCLOSED PENALTY ABATEMENT REQUEST ON OR BEFORE THE DUE DATE INDICATED ABOVE."
5. You responded to the second request by a letter dated February 24, 1988, in which you again stated that in your view your firm was not covered by sections 480.1 and 480.2. You requested a substantive response to your objection.

First, we wish to point out that the purpose of sections 480.1 and 480.2 is to aid the Board of Equalization in the enormous task of determining which among a great many transactions have resulted in a change of ownership. In your case, if the firm owns no real property, it would have only been necessary to check "No" to question 3, sign, and return the form. No further information is required. If, in fact, your firm does own any type of property which would be classified as real property, I wish to call your attention to Revenue and Taxation Code section 482.

Revenue and Taxation Code section 482(b) states as follows:

If a person or legal entity required to file a statement described in Section 480.1 or 480.2 fails to do so within 45 days from the date of a written request by the State Board of Equalization, a penalty of 10 percent of the taxes applicable to the new base year value reflecting the change in control or change in ownership of the real property owned by the corporation, partnership, or legal entity, or 10 percent of the current year's taxes on that property if no change in control or change in ownership occurred, shall be added to the assessment made on the roll. The penalty shall apply for failure to file a complete statement notwithstanding the fact that the board determines that no change in control or change in ownership has occurred as defined in subdivision (c) or (d) of Section 64. The penalty may also be applied if after a request the person or legal entity files an incomplete statement and does not supply the missing information upon a second request. That penalty shall be in lieu of the penalty provisions of subdivision (a). However, the penalty added by this subdivision shall be automatically

April 14, 1988

extinguished if the person or legal entity files a complete statement described in Section 480.1 or 480.2 no later than 60 days after the date on which the person or legal entity is notified of the penalty.

The language in section 482(b) is unequivocal and requires no explanation. We hope that you find this response substantive.

Very truly yours,

1 - 11 - 11
Tax Counsel

MFH:cb
1000D

cc: Mr.
Mr.
Mr. "
Mr.